

## **EXHIBIT 1**

### **INTRODUCTION**

The Santa Clarita Valley Congress of Republicans (hereinafter “SCVCR”) is a membership organization located in Santa Clarita Valley. SCVCR is a chapter of the California Congress of Republicans whose primary purpose is to further the interests of the Republican Party.

During April of 1998, SCVCR made expenditures in excess of \$1,000 in support of four candidates for the Santa Clarita City Council. As such, SCVCR qualified as an independent expenditure committee triggering specific reporting requirements under the Political Reform Act<sup>1</sup> (“Act”).

For purposes of this Stipulation, the violation of the Act is as follows:

**COUNT 1:** Respondent failed to timely file a semi-annual campaign statement for the reporting period January 1, 1998 through June 30, 1998, on or before July 31, 1998 in violation of Section 84200, subdivision (b).

**RESPONDENT:** Santa Clarita Valley Congress of Republicans

### **SUMMARY OF THE LAW**

#### **COUNT 1**

The express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that “receipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited.” (Section 81002, subdivision (a).) Timely and truthful disclosure of campaign contributions and expenditures is an essential part of the Act’s mandate.

Section 82031 defines an “independent expenditure” as an expenditure made by any person in connection with a communication which expressly advocates the election or defeat of a clearly identified candidate or the qualification, passage or defeat of a clearly identified measure, or taken as a whole and in context, unambiguously urges a particular result in an election, but which is not made to or at the behest of the affected candidate or committee.

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<sup>1</sup>The Political Reform Act is contained in Government Code sections 81000 through 91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations section 18000, *et seq.* All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

Pursuant to Section 82013, subdivision (b), an independent expenditure committee is any person or combination of persons who directly or indirectly makes independent expenditures totaling one thousand dollars or more in a calendar year.

Section 84200, subdivision (b) requires that all committees formed pursuant to Section 82013, subdivision (b) file campaign statements for each year no later than July 31 for the period ending June 30, if they have made contributions or independent expenditures during the six-month period before the closing date of the statement.

## **SUMMARY OF THE FACTS**

### **COUNT 1**

SCVCR is a membership organization located in Santa Clarita Valley, which is affiliated with the California Congress of Republicans (“CCR”). CCR is a grassroots political organization chartered by the California Republican Party. On March 12, 1998, SCVCR contributed \$249 to each of the four candidates for Santa Clarita Valley City Council. On April 8, 1998, SCVCR sent a newsletter to 2,099 persons, which included 200 of its members. The newsletter expressly advocated the election of four candidates to the Santa Clarita Valley City Council. SCVCR spent \$1,751.35 for the newsletter.

SCVCR qualified as an independent expenditure committee pursuant to Section 82013, subdivision (b) on April 8, 1998, when it spent more than \$1,000 on a communication, a newsletter, which expressly advocated the election on April 14, 1998, of four candidates to the Santa Clarita Valley City Council. Therefore, SCVCR was required to file a campaign statement for the period of January 1, 1998 through June 30, 1998, since, as an independent expenditure committee, they made contributions or expenditures during that reporting period. The campaign statement should have included not only the independent expenditure related to the newsletter but also the \$249 contribution made to the four candidates for the Santa Clarita Valley City Council. The campaign statement should have been filed no later than July 31, 1998.

After numerous contacts by the city clerk’s office and the FPPC enforcement staff, Respondent filed the required statement with the Secretary of State on May 30, 2000. Respondent’s failure to file the required semi-annual campaign statement by July 31, 1998 was in violation of Section 84200, subdivision (b).

### RECOMMENDATION

Santa Clarita Valley Congress of Republicans has not qualified as a committee before, therefore, the treasurer was not aware of the filing requirements.

This matter consists of one count, which carries a maximum possible administrative penalty of Two Thousand Dollars (\$2,000).

The facts of this case justify imposition of the agreed upon penalty One Thousand Dollars (\$1,000).